

**BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA**



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Order Instituting Investigation on the Commission's
Own Motion into the Rates, Operations, Practices,
Services and Facilities of Southern California Edison
Company and San Diego Gas and Electric Company
Associated with the San Onofre Nuclear Generating
Station Units 2 and 3

Investigation 12-10-013
(Filed October 25, 2012)

And Related Matters

Application 13-01-016
Application 13-03-005
Application 13-03-013
Application 13-03-014

**STATUS CONFERENCE ISSUE STATEMENT OF
THE UTILITY REFORM NETWORK, CALIFORNIA LARGE ENERGY
CONSUMERS ASSOCIATION, AND
DIRECT ACCESS CUSTOMER COALITION**

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October 30, 2017

**STATUS CONFERENCE ISSUE STATEMENT OF
THE UTILITY REFORM NETWORK,
CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION, AND
DIRECT ACCESS CUSTOMER COALITION**

Pursuant to the October 10, 2017 Ruling of the Assigned Commissioner and Assigned Administrative Law Judge (*hereafter* Ruling), The Utility Reform Network (TURN), California Large Energy Consumers Association (CLECA) and Direct Access Customer Coalition (DACC) hereby submit this Status Conference Issue Statement. These consumer parties (*hereafter* Joint Parties) agree that the Commission should proceed by inviting testimony, conducting evidentiary hearings, and reviewing briefs. Specific comments on proposals for the upcoming phase of this proceeding are provided in the following sections.

**I. THE COMMISSION SHOULD IMMEDIATELY SUSPEND THE
AUTHORITY TO COLLECT ANY ADDITIONAL FUNDS FROM
RATEPAYERS PURSUANT TO THE PRIOR SETTLEMENT**

The August 15 filings submitted by a number of intervenors asked the Commission to immediately suspend the authority of Southern California Edison and San Diego Gas & Electric to recover any portion of the remaining SONGS regulatory asset in customer rates.¹ The Joint Parties reiterate this request and strongly urge the Commission to immediately suspend this authority. Both SCE and SDG&E are currently benefiting from rate collections for costs that the October 10th ruling identified as within the scope of litigation in this proceeding. Specifically, the costs related to Base Plant, Rate of Return on Base Plant, and Nuclear Fuel Contract Cancellation costs are included within the Regulatory Asset that is being paid for by customers via ongoing rate collections.

¹ For example, *See* Proposal of The Utility Reform Network for Moving Forward with the Investigation, I.12-10-013, August 15, 2017, pages 1-2, 9-10; *see also* California Large Energy Consumers Association, Direct Access Customer Coalition and Women's Energy Matters' Position and Recommendations for Moving Forward, I.12-10-013, August 15, 2017, page 6.

In order to preserve the position of ratepayers and prevent shareholders from receiving unfair near-term benefits during the course of litigation, the Assigned Commissioner and ALJ should direct the utilities to suspend collections of costs authorized under the previously adopted settlement. The disposition of the remaining balance of the SONGS regulatory asset should be deferred until the resolution of all disputed issues in the OII. To the extent that the liability of SCE and SDG&E shareholders exceeds the remaining balance of the regulatory asset, no further collections would be permitted and an additional credit would be provided to customers.

By taking this step, the Commission can demonstrate its commitment to preserving the rights of all parties, recognizing the significant magnitude of costs associated with the litigated disputes, and preventing utility shareholders from unjust enrichment in light of the economic damage caused by the premature shutdown of SONGS.

II. SCOPE OF ISSUES IDENTIFIED FOR EVIDENTIARY HEARINGS

The Ruling states that additional testimony should be provided by parties on a set of issues relating to the allocation of various costs between ratepayers and shareholders. The list of costs includes most of the recoveries in dispute between ratepayers and shareholders. However, the Ruling fails to explicitly include possible adjustments relating to the treatment of nuclear fuel inventories.

As explained in TURN's August 15 filing, the Settlement identifies nuclear fuel book value of \$592 million (\$477 million for SCE, \$115 million for SDG&E).² In Phase 2 testimony, SCE stated an intention "to try and sell its entire nuclear fuel

² Joint motion for adoption of the SONGS settlement, I.12-10-013, April 3, 2014, page 17.

inventory” in order to “reduce costs to SCE’s customers.”³ This inventory includes both “pre core” and “in core” fuel. SCE subsequently claimed that both types of fuel would be resold.⁴

Under the prior Settlement, 95% of sale proceeds should be allocated to ratepayers. However, SCE has not sold any of the fuel to date and may not sell its inventories until 2022.⁵ Moreover, the amount of fuel that is currently deemed saleable appears to be significantly less than originally represented to the settling parties and the Commission.

The Commission should take action now to ensure that, at a minimum, 95% of the full declared book value of \$592 million is credited to ratepayers. This credit is justified because the settling parties reasonably assumed that the sale of this value of fuel would begin promptly yet no sales have occurred more than three years after the settlement was submitted for approval. The failure of SCE to aggressively move to sell this fuel, and the failure to adequately disclose the inability to sell a portion of the inventory, demonstrates that the mechanism in the settlement is not reasonable. The issue of whether to credit ratepayers for the book value of the unsold nuclear fuel should be explicitly included in the scope of expert testimony and briefing by the parties for SONGS Units 2 and 3 cost allocation.

III. SCHEDULE ISSUES

After reviewing the proposed schedule in the October 10th Ruling, The Joint

³ SONGS OII Phase II Testimony Providing Ratemaking Proposal, Ex. SCE-40, August 13, 2013, page 12.

⁴ SCE Reply Comments in Support of Motion for Adoption of Settlement Agreement, May 22, 2014, page 11 (“the loading of fuel in the U2 core has not prevented the processing of that fuel for resale.”)

⁵ This information was disclosed in the recent evidentiary hearings relating to the decommissioning of SONGS 2/3. See Reporter’s Transcript, A.16-03-004, pages 92-95 (SCE witness Lelewer).

Parties recommend adjustments to accommodate workload associated with other ongoing Commission proceedings. The most significant conflict relates to evidentiary hearings previously scheduled in A.16-06-013 (PG&E GRC Phase 2) for the weeks of March 12-16 and March 26-April 2. Several parties in I.12-10-013 will also be active in the A.16-06-013 hearings (which will be held in San Francisco). To eliminate overlap between these hearings, the dates for testimony, hearings and briefing should be delayed by two weeks.

Furthermore, the Commission may wish to reserve two weeks for hearings to accommodate additional time that may be needed to fully explore factual disputes relevant to the resolution of the proceeding. After making these changes, the schedule would be adjusted as follows:

| Event | Date Proposed | Adjusted Date |
|---|-----------------------|----------------------|
| Concurrent Testimony | January 10, 2018 | January 24, 2018 |
| Concurrent Reply/Rebuttal Testimony | January 31, 2018 | February 15, 2018 |
| Final Date for Submission of Prehearing Motions | February 5, 2018 | February 12, 2018 |
| Status Conference | February 7, 2018 | February 21, 2018 |
| Evidentiary hearings | February 26 – March 1 | March 12 – 23 |
| PPHs | TBD | TBD |
| Concurrent opening briefs | March 15, 2018 | April 6, 2018 |
| Reply briefs | March 29, 2018 | April 27, 2018 |

The Commission should consider adjustments to the schedule at the November 7th status conference.

IV. DISCOVERY AND DISCLOSURE ISSUES

To ensure that parties are able to conduct timely discovery, the Commission should establish an expedited process for resolving any disputes involving the refusal of SCE or SDG&E to provide timely or complete responses. Moreover, the

Commission should require any party providing new analysis in its testimony to include relevant data sources and the complete methodology no later than the time when the testimony is served. Timely production of such information is needed to ensure that parties have an adequate opportunity to analyze such a showing prior to the deadline for submission of rebuttal testimony.

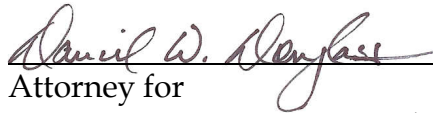
Respectfully submitted,

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Dated: October 30, 2017